

Reversing Period End Estimate (YE) Policy

INTRODUCTION

This guidance is written for USDA Animal and Plant Health Inspection Agency (APHIS) budget analysts. It supplements APHIS' Budget and Accounting Manual, Chapter 5- Keeping Track of Spending.

The Foundation Financial Information System (FFIS) is APHIS' official system of record and is used to produce financial statements sent to Treasury. It is imperative that the general ledger, produced from FFIS transactions, be accurate and up to date at the end of each month. This can be accomplished by budget analysts properly preparing and entering the reversing period-end estimate document (YE) into FFIS for undelivered orders (transaction code YE, transaction type UN, also depicted as YE/UN), expended authority (YE/DE), and revenue (YE/FS). These guidelines explain **what** a reversing period end estimate is and is not, including the difference between an undelivered order and expended authority. They explain **why and when** you should prepare a YE and **how** to prepare and retain documentation.

These guidelines do not give step-by-step procedures for entering a reversing YE into FFIS. Go to the APHIS QuickTips website: <http://www.aphis.usda.gov/mrpbs/ffis/aphis.html> for a copy of the form and instructions for entering the YE document into FFIS.

THE REVERSING PERIOD END ESTIMATE (YE document)

A reversing period end estimate is a placeholder for temporarily recording obligations and revenue that are in your informal ledger but not yet in FFIS (e.g., not on the Detail Transaction Report (DTR) or the Revenue Reimbursable Detail Report (RRDR)). When you are aware that an obligation has occurred or revenue has been earned but will not be recorded in FFIS before the end of the accounting period, you must enter a reversing period end estimate (YE) into FFIS.

The YE document should **not** be used to adjust existing obligations or revenue. If obligations or revenue are erroneously charged to your organization, you must move them to the proper program code using an Accounting Adjustment form, the B2. If obligations or revenue are duplicated in FFIS, contact the Budget Execution Support Team for direction.

Different general ledger accounts are affected depending on the transaction *type* being used on the YE document. It is important that the correct transaction type be used to record the proper accounting event. The YE document can record three distinct types of activities:

- YE/UN- provides a temporary placeholder for unrecorded undelivered orders
- YE/DE- provides a temporary placeholder for unrecorded expended authority
- YE/FS- provides a temporary placeholder for unrecorded revenue

To understand the difference between undelivered orders and expended authority, an explanation of the spending chain follows.

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Spending Chain¹ – The spending chain refers to the accounting steps followed to track the ordering, receiving, and paying for goods and services used in Government programs. As these various activities take place, accounting entries must be made to the general ledger to track the status of the transactions to ensure the proper use of budgetary resources. In the Federal government, the spending chain begins with a commitment to order; which becomes an undelivered order once ordered; then expended authority as the goods and services are received.

The accounting steps vary in the spending chain depending on how the goods and services are ordered and received. The spending chain for each APHIS obligation is included in the chart below:

Examples of Transactions	Spending Chain				
FDW Terminology (FFIS Baseline Docs)	Commitments	Obligations			
	Commitment (RQ)	Unliquidated Obligation (MO)	Expended Amounts (RC for receipt) (PV or DD for disbursement)		
(YE/UN) IAS Contracts & purchase orders	Commitment IQ	Obligation IO or IN	Receipt IC	(Invoice)	Disbursement IM
(YE/UN) Relocation, GSA telephone, Motor pool Agreements		Obligation XO MO		(Invoice)	Disbursement XV DF DM DD, or PV
(YE/DE) Utilities, commercial telephone, GVTS paymt				(Invoice)	Disbursement UV VT G1
(YE/DE) EEO settlemnts, Employ reimb, Fee basis, Forn allowance, Indemnity, Lease pymts, UPS freight, BSE surveill., Househld mv				(Invoice)	Disbursement NO TP

¹ For a further description of the spending chain, see the Budget and Accounting Manual, Chapter 5 – Keeping Track of Spending.

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(YE/DE) Payroll, Travel, Purchase cards					Disbursement Payroll rpt XT, V5, V8

Financial transactions can go through as many as all five or as few as one of these steps in the spending chain. Four of these steps hit budgetary general ledger accounts. (The invoice stage does not hit budgetary accounts.)

APHIS' Financial Data Warehouse (FDW) captures these financial transactions and categorizes them as Commitments, Unliquidated Obligations and Expended Amounts, as shown in the chart above. As a transaction moves through the steps of the spending chain, previous postings are reversed. For example, when a committed item is ordered, it is de-committed and obligated at the same time. Note that at the receipt stage (recorded for IAS transactions only) *and* disbursement stage, IAS transactions are considered expended. Expenditures are not overstated though, because as it goes from the receipt stage to the disbursement stage, the receipt is reversed.

[Two notes: 1. From the chart above, note that unliquidated obligations plus expended amounts are sometimes referred to as "Obligations" in the FDW. You will see this typically in summary reports such as the ACSB. In this policy, however, the term "obligations" refers to unliquidated obligations. 2. The FDW's PDSR report incorrectly has a column named "Committed Obligations". The term should have been "Commitments." Commitments are not obligations nor are obligations commitments.]

So, the first step you want to take when entering an estimate for a transaction that is not in the system is to determine the spending chain for that type of transaction from the chart above. If it would normally have been obligated or committed first, make sure the obligation or commitment is not in the system. If not yet in the system, enter a YE/UN. If it normally would have been entered as a disbursement, with no previous commitment or obligation, use transaction code/transaction type YE/DE.

WHY AND WHEN TO PREPARE REVERSING PERIOD END ESTIMATES

Most obligation and revenue transactions are recorded in FFIS in a timely manner. However, the entries of some transactions are delayed. At year-end especially there are delays in recording transactions because feeder system interfaces are discontinued prior to the end of September. Therefore it is necessary for APHIS budget analysts to enter reversing YE documents into FFIS to record obligations and revenue that are not part of

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our financial system. This becomes especially crucial in September, the last month of the fiscal year, when feeder systems close early.

Enter the YE document as soon as you know that the transaction will not make it into FFIS for that month's processing. If the actual document processes before month-end, contact the Accounting and Payments Team (APT) in Minneapolis to get the YE reversed in the current month.

DO NOT use a YE to transfer funds from one organization to another. Use a B2 for that purpose, following B2 guidance. DO NOT use a YE to temporarily adjust the balance of expenditures or revenue in your accounting code without documentation that revenue has been earned or an obligation has taken place.

HOW TO PREPARE THE REVERSING PERIOD END ESTIMATE

Document Numbering - YE's are automatically assigned document numbers. The numbering starts over after each fiscal year. The document number starts with YYEST, where YY stands for the last two digits of the fiscal year. The numbering depends on the Security level 1 code (SEC1) you enter. For example, someone with SEC1=2 entering the first YE of the fiscal year would have the number 06EST020001 automatically assigned as a document number.

Reversal Period

The YE document, once entered and approved, will appear on the Journal Voucher Line Table (JVLt). Unfortunately, the reversal period is not part of the record on JVLt. The reversal period is a required field when entering the YE document into FFIS. If the reversal period is entered on the YE document, the document will reverse the first day of the reversing period. Once it has reversed, it will be removed from the JVLt table. The document will no longer be on JVLt, but will still be part of the general ledger record on the FDW.

You will be able to see the original entry and the reversal in the FDW. The reversal is automatically processed by an "off-control" job during the nightly cycle performed the evening of the first business day of the reversal month. Therefore, the user id of the system-generated reversal document shows as "OFF-"

Instructions for determining if you entered a reversal period are below.

Required. Since the YE is an estimate of future charges, each YE must have a reversal period. The reversal period is not a system-required field, so it is imperative that the budget analyst entering the document remember to populate the reversal period field.

The reversal period is the fiscal month and year when the actual transaction is expected to be entered into FFIS. Typically the reversal period is the month following the month of entry. However, certain transactions are known to be delayed for many months. For example, a large GPO printing job took place in August 2006. The charge is not expected to be recorded in FFIS until early next fiscal year, say November. Record the

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expenditure that took place in August as a YE with a reversal period of 02 07, since November is the second fiscal month of fiscal year 2007.

Wrong Reversal Period Used. If the wrong reversal period is used, the financial statements will be understated or overstated. For example, you enter a reversing period end estimate for travel that occurred in August. The traveler is notoriously late in submitting his voucher, so you enter a reversal period of October:

- If the traveler submits his voucher in September, expenditures for September will be overstated. The actual document and the YE document are both obligations in the system. Contact someone in the Minneapolis Accounting and Payments Team (APT) to get the reversal period changed to the current month.
- If the traveler submits his voucher in November or after, the travel expenditure is understated in October until the voucher is submitted or another YE is entered.

No Reversal Period? If you are not sure you entered a reversal period, check the JVLT table. If your document is there, it has not reversed yet, or you have forgotten to enter a reversal period (as stated before, you cannot see the reversal period on JVLT.) Next, check the RVJV table for your document number. If your YE is there, it is scheduled to reverse in the month indicated. If it is on JVLT but is not listed on the RVJV table, you forgot to enter the reversal period on the document.

If the reversal period was inadvertently left off, contact someone in the Minneapolis Accounting and Payments Team (APT) who can correct the problem.

Transaction Types and Increase/Decrease (I/D) Indicator

If you are estimating obligations, determine the transaction type from the chart on page 2 and 3. Remember: only enter a YE if the transaction is not in the system at any of the stages of spending. For example, if relocation invoices arrive in your office, do not enter them as a YE if the relocation (XO) is already recorded in FFIS.

- When estimating an unliquidated obligation or commitment that has never been entered in FFIS, use transaction type UN for undelivered orders. The increase/decrease (I/D) indicator will default to "I".
- If an existing unliquidated obligation is overstated, work within the system (TRVL for relocations, IAS for purchase orders) or APT (for agreements, GSA telephone, etc.) to get the source document decreased.
- When trying to decrease a previously-entered YE/UN, enter a YE/UN with the increase/decrease indicator of "D". Enter the reference document number of the original YE/UN you are trying to reduce.
- When estimating expended amounts not normally obligated and not in the system as expended (for example TDY travel), use transaction type DE. The I/D indicator will default to I.
- When trying to decrease a previously-entered YE/DE, enter a YE/DE with the I/D indicator of "D". Enter the reference document number of the original YE/DE you are trying to reduce.
- When estimating revenue, use transaction type FS and an I/D indicator of I. If your revenue is currently overstated, work with the Minneapolis Billings and Collections

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team to get the bill modified downward. Never use a decrease indicator when using YE/FS. See APT if you need assistance.

Budget Object Class Code (BOC)

Generally speaking, use the same BOC on the YE as would have been on the original document if it were entered into FFIS. The one exception is when estimating capitalized property, use BOC 3140.

Vendor Code

- If the estimate is for an intra-USDA agreement where APHIS is the requesting agency and the MO is not yet in the system, enter a YE/UN. If no Common Agreement Number (CAN) exists yet, use the ALC vendor code for that agency. For example, for AMS, use 12250001FO A as the vendor code.
- If the estimate is for an intra-USDA agreement where APHIS is the performing agency and the BD is not yet in the system, enter a YE/FS for the revenue earned to date. Use the Common Agreement Number (CAN) as the vendor code. (The CAN begins with an "&".)
- Always use a specific federal vendor code when estimating transactions related to another federal vendor.
- You may use specific non-federal vendor codes or the generic non-federal vendor code, 34STANDARD if you are entering estimates for non-federal transactions.

Document Approval

The prepared, person entering the document into FFIS and the approver of the document must all sign and date the YE form. The approver is signing that the information is accurate and in accordance with these guidelines. Starting September 1, 2006, system document approval is required on all YE documents entered in FFIS. FFIS requires that the approver run the document from the PEND1 status to the ACCPT status. The approver will use the command "AR" which will run the document to ACCPT status.

Remember that all documents not in ACCPT status at month-end will be deleted and will have to be re-entered.

Retention of Documentation

Generally, fiscal documents maintained by the fund holder can be destroyed five (5) years after the close of the fiscal year in which they were generated. Records of transactions for no-year funds must be kept for 5 years after the budget fiscal year expires or forever, if critical.